

CHAPTER 66  
ASSISTIVE DEVICE TAX CREDIT

**261—66.1(78GA,ch1194) Purpose.** The Iowa department of economic development and the department of revenue and finance administer the assistive device tax credit jointly to encourage small businesses to purchase, rent or modify assistive devices and to make workplace modifications for an individual with a disability who is employed or will be employed by the business. The Iowa department of economic development administers the assistive device tax credit certification process. The department of revenue and finance administers the distribution of tax credits to eligible small businesses that have been issued certificates of entitlement.

**261—66.2(78GA,ch1194) Definitions.** For the purpose of these rules, the following definitions apply:

*“Assistive device”* means any item, piece of equipment, or product system which is used to increase, maintain, or improve the functional capabilities of an individual with a disability in the workplace or on the job. “Assistive device” does not mean any medical device, surgical device, or organ implanted or transplanted into or attached directly to an individual. “Assistive device” does not include any device for which a certificate of title is issued by the state department of transportation, but does include any item, piece of equipment, or product system otherwise meeting the definition of “assistive device” that is incorporated, attached, or included as a modification in or to such a device issued a certificate of title.

*“Department”* or *“IDED”* means the Iowa department of economic development.

*“Disability”* means, with respect to an individual, a physical or mental impairment that substantially limits one or more of the major life activities of the individual, a record of physical or mental impairment that substantially limits one or more of the major life activities of the individual, or being regarded as an individual with a physical or mental impairment that substantially limits one or more of the major life activities of the individual. “Disability” does not include any of the following: homosexuality or bisexuality; transvestitism, transsexualism, pedophilia, exhibitionism, voyeurism, gender identity disorders not resulting from physical impairments, or other sexual behavior disorders; compulsive gambling, kleptomania, or pyromania; psychoactive substance abuse disorders resulting from current illegal use of drugs; alcoholism.

*“Employee”* or *“employed”* means an individual with a disability and whose business qualifies as a small business.

*“Small business”* means a business that either had gross receipts for its preceding tax year of \$3 million or less or employed not more than 14 full-time employees during its preceding tax year.

*“Workplace modifications”* means physical alterations to the work environment.

**261—66.3(78GA,ch1194) Eligibility criteria.** In order to be eligible to receive the assistive device tax credit, a small business must:

1. Be located in the state of Iowa.
2. Employ not more than 14 full-time employees or have gross receipts of no more than \$3 million during its preceding tax year.
3. Purchase, rent or modify an assistive device or make workplace modifications for an individual with a disability who is employed or will be employed by the business.

**261—66.4(78GA,ch1194) Application process.**

**66.4(1)** To receive a certificate of entitlement for the assistive device tax credit, the eligible small business must submit an application to the Iowa department of economic development. Applications and related materials shall be submitted on forms as prescribed by the department. Applications for certification must be submitted to the Assistive Device Tax Credit Program, Division of Business Development, Iowa Department of Economic Development, 200 East Grand Avenue, Des Moines, Iowa 50309.

**66.4(2)** Applicant businesses must provide the following information to IDED:

*a.* Proof of disability status of disabled person(s) employed or to be employed by the small business. Proof may take the form of written verification from the department of education, division of vocational rehabilitation, or the department for the blind, or a completed verification of disability/physician's statement.

*b.* Business tax forms for the previous year or personal income tax forms if business tax forms are not available.

*c.* Written documentation verifying the existence, organizational structure, and good standing of the business. The IDED assistive device tax credit small business documentation list describes acceptable forms of proof.

**261—66.5(78GA,ch1194) Review, decision and award process.**

**66.5(1) Review.** Applications will first be reviewed for completeness. If additional information is required, the program staff shall send the applicant notice to submit the additional needed information. The applicant shall submit the requested information within a reasonable time period in order to ensure further actions on the request. The applications will then be reviewed for content. The following items will be reviewed and evaluated:

*a.* Eligibility of the small business.

*b.* Nature, scope, purpose and cost of the assistive device or workplace modification and the manner in which it enables the employer to hire or retain the employee or prospective employee, or accommodate the disability of the employee or prospective employee.

**66.5(2) Decision.** The small business liaison for the Iowa department of economic development will make the final decision on all awards under the assistive device tax credit program. Within a reasonable period after the decision has been made, the department will transmit to the applicant a letter that either provides the basic reasons for denial, or provides the certificate of entitlement.

**261—66.6(78GA,ch1194) Certification.** The certificate of entitlement shall be numbered and shall contain the taxpayer's name, address, tax identification number, the amount of credit, and tax year for which the certificate is claimed.

**261—66.7(78GA,ch1194) Monitoring and misuse of funds.**

**66.7(1) Monitoring.** IDED reserves the right to monitor the recipient's records to ensure compliance with all program requirements. IDED staff will contact the recipient to arrange such visits at a mutually agreeable time.

**66.7(2) Misuse of funds.** Any person receiving tax credits under the assistive device tax credit program is subject to criminal penalties under Iowa Code section 15A.3 if it is determined that the person knowingly made false statements to procure tax credits from the state or if it is determined that funds were used for purposes other than those stated in the application.

**261—66.8(78GA,ch1194) Tax credit.**

**66.8(1)** In a single tax year, a small business is eligible to receive a tax credit equal to 50 percent of the total cost to purchase, rent or modify an assistive device(s) or make workplace modifications. The tax credit shall not exceed \$2,500.

**66.8(2)** The taxpayer must file the certificate of entitlement with the taxpayer's income tax return in order to claim the tax credit.

**66.8(3)** The tax year for which the assistive device tax credit may be allowed shall be determined by the date of project completion.

These rules are intended to implement 2000 Iowa Acts, chapter 1194, section 11.

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